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In the Supreme Court of the United States

OCTOBER TERM, 1942

No. 370

THE DILL MANUFACTURING COMPANY,

Petitioner,

vs.

WILLIAM F. HOFF, and THE OHIO INJECTOR COMPANY,

Respondents.

PETITION FOR WRIT OF HABEAS CORPUS
To the United States Circuit Court of Appeals
For the Sixth Circuit, and
BRIEF IN SUPPORT OF PETITION.

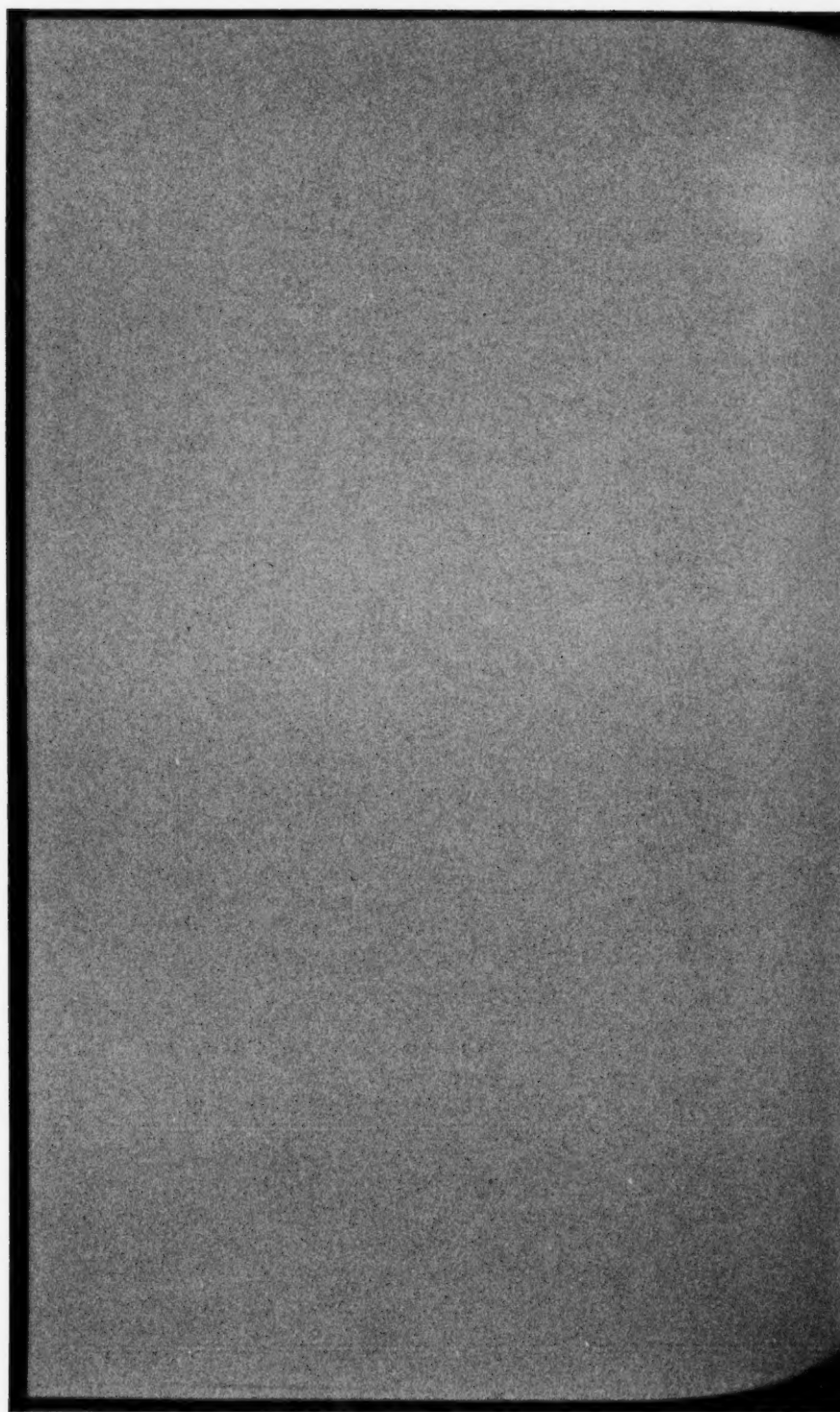
Attest:

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United States Circuit Court of Appeals

For the Sixth Circuit

at Cincinnati, Ohio



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In the Supreme Court of the United States

OCTOBER TERM, 1942.

No.

THE DILL MANUFACTURING COMPANY,
Petitioner,

vs.

WILLIAM F. GOFF, and THE OHIO INJECTOR COMPANY,
Respondents.

PETITION FOR WRIT OF CERTIORARI.

*To the Honorable the Chief Justice and the Associate
Justices of the Supreme Court of the United States:*

Petitioner, The Dill Manufacturing Company, asks that a writ of certiorari be issued directed to the United States Circuit Court of Appeals for the Sixth Circuit to review the judgment of that Court entered in this case on February 12, 1942 (R. 47).

A certified transcript of the record in the case has been filed.

A rehearing was requested and denied on June 6, 1942 (R. 63).

SUMMARY STATEMENT OF THE MATTERS INVOLVED.

This action was brought in the United States District Court for the Northern District of Ohio, Eastern Division, by The Dill Manufacturing Company against William F. Goff and The Ohio Injector Company, for infringement of United States Letters Patent No. 2,119,623, granted June 7, 1938, and entitled Tire Valve.

The petitioner, in its complaint, charged the respondents with infringement of said Letters Patent No. 2,119,623, and prayed for injunctive relief and an accounting.

The complaint alleged that Goff was the inventor of the invention described in the Letters Patent aforesaid and that the Letters Patent had been issued to him under date of June 7, 1938, but that, pursuant to a valid contract of employment between The Dill Manufacturing Company and the said Goff (the terms of which contract were succinctly set forth), the said Goff had agreed that such inventions relating to valve stems, and applications therefor and patents that might issue thereon should be the property of The Dill Manufacturing Company and should be assigned to said Company.

Goff, while employed by the Plaintiff made the invention which is the subject matter of Letters Patent No. 2,119,623 and on September 27, 1937, filed on his own behalf in the United States Patent Office an application for Letters Patent, which fact was entirely unbeknown to Plaintiff until some time subsequent to the date upon which said application for patent was filed, and when The Dill Manufacturing Company became informed concerning the issuance of said Letters Patent No. 2,119,623, it made demand upon Goff for the assignment of said patent to Plaintiff, but Goff refused and has ever since refused to assign said patent to The Dill Manufacturing Company. Subsequent to Goff's refusal to assign said patent to petitioner, your petitioner instituted two different suits against Goff in the Court of Common Pleas for Summit County, Ohio (Goff being a resident of said county) for specific performance of the employment contract between The Dill Manufacturing Company and Goff but said suits were dismissed without prejudice.

The reason for such dismissal was that your petitioner learned that Goff had assigned his patent to respondent The Ohio Injector Company and that Goff and The Ohio

Injector Company jointly were actively manufacturing and selling tire valve stems of the construction covered by the claims of said patent.

Thereupon, your petitioner, believing itself possessed of the equitable title to the said patent, instituted the instant suit for infringement of said patent in the United States District Court for the Northern District of Ohio, Eastern Division, and in its complaint, in addition to the prayers for injunctive relief and accounting, set forth the grounds for petitioner's claim of equitable ownership of said patent in justification of its capacity to maintain the patent infringement suit.

By virtue of the contract of employment between the said Goff and The Dill Manufacturing Company, it is contended that The Dill Manufacturing Company is the equitable owner of Letters Patent No. 2,119,623, and was therefore, under the law, entitled to maintain an action for infringement of said patent against said Goff and The Ohio Injector Company despite the fact that the legal title to said patent was in The Ohio Injector Company.

THE PROCEEDINGS IN THE DISTRICT COURT.

A motion was brought by respondents (Defendants below) to dismiss the complaint of The Dill Manufacturing Company on the ground that the Court was without jurisdiction because the cause of action did not arise under the patent laws of the United States (R. 6). The motion of Defendants below was overruled by the District Court, and an opinion was filed (R. 26) setting forth the views of the Court and in which it was said:

"The plaintiff here alleges ownership by reason of an employment contract. It describes the source and character of its ownership of the patent. This is what is usually required. An issue on the subject of ownership may be made up by the defendants' answer upon that point. * * * but in every case of assertion of ownership in patent cases, an issue arises upon that

subject when the defendant controverts it. In such case, the Court must determine the question of plaintiff's ownership."

After the denial of the motion, the Defendants below filed answer (R. 28) which answer admitted the employment of Goff by The Dill Manufacturing Company but denied any agreement on Goff's part with respect to the assignment of inventions, and then included the clause "Except as herein admitted or qualified, the defendants deny each and every allegation contained in said Complaint."

Since Defendants below, in their answer, did not make any mention of the charge of infringement contained in the complaint, it is clear that denial of infringement was intended by the answer of Defendants below.

The case was duly set for trial, and counsel for both the Plaintiff and the Defendants below appeared in Court at the time set. At the time of trial and during the opening statement of Plaintiff's (petitioner's) counsel, there developed a three-cornered discussion involving the Court, Plaintiff's counsel and Defendants' counsel (R. 31-37) regarding the question of jurisdiction of the Court with respect to the complaint or action which had been filed by Plaintiff, at the conclusion of which discussion the Court announced its conclusion and dismissed the complaint and denied injunction on the ground that the Court was without jurisdiction. The final order of dismissal is found at page 32 of the Transcript of Record.

THE DECISION OF THE COURT OF APPEALS.

The Court of Appeals in its opinion (R. 48) confined itself to a consideration of numerous Supreme Court decisions and concluded that the District Court did not have jurisdiction and so affirmed the decree of the lower Court.

A discussion of the various court decisions will be treated in the brief in support of the petition for writ of certiorari which follows.

The final conclusion of the Court of Appeals is that one claiming equitable ownership and title to a patent cannot maintain against the holder of the legal title to said patent a *patent infringement suit* until after he has obtained adjudication with respect to title in a state court where the parties involved are citizens of the same state.

THE QUESTIONS PRESENTED BY THIS PETITION.

(1) The basic question presented is whether a United States District Court has jurisdiction in a case involving citizens of the same State, where the plaintiff's complaint in its gravamen sounds in patent infringement and is brought against the holder of the legal title to a patent of which infringement is charged and where the plaintiff sets up its claim to equitable ownership of the patent which obviously plaintiff would have to establish to the satisfaction of the Court before patent infringement relief could be afforded.

(2) Would the question as to the jurisdiction of a United States District Court, under the circumstances recited in the foregoing question, be any different where the defendant, in its answer, did not deny infringement or attack the validity of the patent so that, essentially, the only question to be tried by the Court would be as to the equitable title of the plaintiff and its right to maintain the suit under said title?

REASONS RELIED UPON FOR THE GRANT OF THE WRIT.

I. The decision of the Court of Appeals, on the questions presented, is in conflict with the decision of the Supreme Court in the case of *Littlefield vs. Perry*, 88 U. S. 205, and is in conflict with the spirit and philosophy of the decision of the Supreme Court in *Independent Wireless Telegraph Co. vs. Radio Corporation of America*, 269 U. S. 459.

II. The decision of the Court of Appeals on the jurisdictional question presented in the instant case is in conflict with decisions of the Courts of Appeals of the Second, Third, and Eighth Circuits in the following cases:

Wooster et al. vs. Crane & Co., C. C. A. (8), 147 Fed. 515;

Bisel vs. Ladner, C. C. A. (3), 1 Fed. (2d) 436;

Ted Browne Music Co. vs. Fowler et al., C. C. A. (2), 290 Fed. 751;

Cohan vs. Richmond et al., C. C. A. (2), 86 Fed. (2d) 681.

III. The questions presented by the decision of the Court of Appeals in this cause are of considerable importance particularly to industry which employs persons in experimental and research work, which persons are obligated to assign their inventions to their employers.

WHEREFORE, your petitioner respectfully prays that a writ of certiorari be issued out of and under the seal of this Court directed to the United States Court of Appeals for the Sixth Circuit, commanding said Court of Appeals to certify and send to this Court on a day to be designated a full transcript of the record and all proceedings had in the said Court of Appeals in this cause, to the end that the same may be reviewed and determined by this Court; and the judgment of said Court of Appeals be reversed and that petitioner be granted such other and further relief as may be deemed proper.

THE DILL MANUFACTURING COMPANY,

By A. J. HUDSON,

W. E. WILLIAMS,

Counsel for Petitioner.



PETITIONER'S BRIEF



In the Supreme Court of the United States

OCTOBER TERM, 1942.

No.

THE DILL MANUFACTURING COMPANY,

Petitioner,

vs.

WILLIAM F. GOFF, and THE OHIO INJECTOR COMPANY,

Respondents.

BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI.

I.

OPINIONS OF THE COURTS BELOW.

The ruling of the United States District Court, Northern District of Ohio, Eastern Division, dated November 17, 1939, overruling Respondents' Motion to Dismiss appears in the record at pages 26 and 27. The oral opinion and decision of said District Court dismissing the complaint and denying injunction is set forth in the record at pages 31 to 37 and is reported in part in 46 U. S. P. Q. 193. The opinion of the Circuit Court of Appeals for the Sixth Circuit appears at pages 48 to 54 inclusive of the record and is reported in 125 Fed. (2d) 676.

II.

JURISDICTION.

The decree of the Circuit Court of Appeals for the Sixth Circuit which Petitioner seeks to have reviewed was entered February 12, 1942 (R. 47) and the Petition for Rehearing (R. 55-62) filed March 13, 1942 was denied June 6, 1942 (R. 63).

The jurisdiction of this Court is invoked under Sec. 240 (a) of the Judicial Code as amended by the Act of February 13, 1925, c. 229 (28 U. S. code Sec. 347).

III.

STATEMENT OF THE CASE.

The essential facts of the case are stated in the accompanying petition for a writ of certiorari.

IV.

SPECIFICATION OF ERRORS.

The errors which Petitioner will urge if the writ of certiorari is issued are that the Circuit Court of Appeals for the Sixth Circuit erred,—

1. In holding that Plaintiff (Petitioner), claiming equitable ownership and title to the patent in suit, could not maintain against the patentee and the latter's assignee of the legal title to said patent a suit in the Federal Court for infringement of the patent until after Petitioner had obtained by a separate action an adjudication with respect to its title to said patent.

2. In misstating and evidently misunderstanding the factual circumstances involved in the case of *Littlefield vs. Perry*, 88 U. S. 205, and as a consequence thereof misinterpreting the effect of said decision and in holding said decision did not govern the instant case and was not authority that a patent infringement action seeking injunctive relief and an accounting might be maintained by the equitable owner of the title to the patent in suit against the infringing holder of the legal title to said suit as an action arising under the patent laws of the United States and of which the District Court had original and exclusive jurisdiction.

3. In erroneously concluding that the suit involved in *Luckett vs. Delparck*, 270 U. S. 496, was one for infringement of a patent and in consequence of such erroneous con-

clusion misinterpreting the legal effect of said decision and in relying on the same as authority for its holding that Plaintiff (Petitioner) could not maintain the present action.

4. In deciding this case contrary to the spirit and philosophy of this Court in relation to the right of an equitable owner of a patent to maintain an action for the infringement thereof, as expounded by this Court in *Independent Wireless Telegraph Co. v. Radio Corporation of America*, 269 U. S. 459.

5. In not recognizing that, insofar as exclusive Federal jurisdiction is concerned, "cases arising under the patent-right, or copyright laws of the United States" are on the same footing and in deciding the instant case in a manner contrary to and in direct conflict with the weight of authority as exemplified in the decisions of the Circuit Courts of Appeals for the Second, Third and Eighth Circuits in the following cases involving copyright infringement: *Wooster et al. vs. Crane & Co.*, C. C. A. (8) 147 Fed. 515; *Bisel vs. Ladner*, C. C. A. (3) 1 Fed. (2d) 436; *Ted Browne Music Co. vs. Fowler et al.*, C. C. A. (2d) 290 Fed. 751; *Cohan vs. Richmond et al.*, C. C. A. (2) 86 Fed. (2d) 681.

SUMMARY OF ARGUMENT.

The points of argument will follow the reasons relied upon for allowance of the writ of certiorari.

ARGUMENT.

1. The decision of the Court of Appeals on the questions presented is in direct conflict with the applicable decision of this Court in the case of *Littlefield vs. Perry*, 88 U. S. 205, and is in conflict with the spirit and philosophy underlying the decision of this Court in *Independent Wireless Telegraph Co. vs. Radio Corporation of America*, 269 U. S. 459.

The Court of Appeals in its opinion (R. 53) made the following misstatement with respect to the factual circumstances involved in the *Littlefield vs. Perry* case.

“ * * * Its principal reliance is the case of *Littlefield vs. Perry*, *supra*, but the suit there was brought by assignees with a recorded interest in the patent. There was no challenge to the fact of assignment, though it was sought to limit its scope by an unrecorded supplementary agreement. Whether technically assignees or licensees, the complainants could maintain their suit under the patent laws in the Federal Court. * * * ”

In the *Littlefield vs. Perry* case the complainant *had no identifiable recorded interest in the patent in suit*.

The infringement action was instituted against Littlefield by complainant for infringement of the Littlefield patent of 1854, which patent *was not identified in any written or recorded instrument to show title in complainant*.

Complainant alleged his title by virtue of an agreement between Littlefield and Treadwell and Perry, dated April 1853 and which recited a Littlefield patent issued in 1851 and a patent application dated December 30, 1852, and which was subsequently withdrawn or abandoned. The said agreement *did not refer to or identify the patent in suit and the legal title to said patent was in the defendant Littlefield*.

Therefore, the complainant in the *Littlefield* case had, at the most, only an *equitable title* to the patent in suit, and it was necessary that his title first be established to

enable him to recover for the infringement of the patent, that is, complainant was under the burden of first showing that the patent of 1854 involved in the suit came within the scope of the agreement of 1853 and hence complainant held the equitable title thereto.

The "suit there" (*Littlefield vs. Perry*) was not, as stated by the Court below, "brought by assignees with a recorded interest in the patent."

The *Littlefield* case was a *patent infringement* suit between parties of the same state, in which the legal title to the patent in suit was held by the defendant and the claim of equitable title was made by the plaintiff, with no denial by defendant of infringement and no attack upon the validity of the patent. Therefore, the first question which the Supreme Court had to decide in *Littlefield vs. Perry* was whether the plaintiff had equitable title to the patent in suit which would entitle him to maintain in a Federal Court a patent infringement suit against the holder of the legal title and who denied complainant's title.

In the present case Plaintiff (Petitioner) charges the patentee (Goff) and his assignee (The Ohio Injector Co.), the holder of the legal title to the patent in suit, with infringement thereof, prays for injunctive relief against said infringement, and asks for an accounting as to profits and damages arising from said infringement. *The relief sought by the action is such as can only be given by a Federal Court.* Plaintiff makes in its complaint averments necessary to show in it the equitable title to the patent in suit. The Defendants (Respondents here) in their answer did not question the validity of the patent in suit, but denied infringement thereof, as well as denied Plaintiff's title. Subsequently Defendants' counsel in open court stated there was no denial of infringement.

It is evident that the facts involved in the *Littlefield vs. Perry* case and those present in the instant case constitute a parallel situation.

Both cases were instituted by one having equitable title only to the patent in suit, while the infringing defendants held the legal title thereto. In both cases there is no diversity of citizenship. In both cases there evolved no ultimate issue as to validity or infringement.

In both cases complainant's claim of equitable title required disposition before the Court could grant or deny the injunctive and other relief prayed for.

In both cases, however, the gravamen of the action was patent infringement and the cases were ones arising under the patent laws, although incidentally requiring an adjudication by the Court on the question of title. Patent infringement and injunctive relief thereagainst is the gravamen in each case.

The ruling of this Court in the *Littlefield vs. Perry* case is therefore complete authority controlling the instant action.

The Court below, evidently because of its misstatement and misunderstanding of the facts involved in the *Littlefield vs. Perry* case, decided the instant action in a manner contrary to and in direct conflict with the controlling authority of a decision by this Court.

This Court found in the *Littlefield* case that Littlefield held the legal title in trust for complainant and should convey the same to the latter (88 U. S. 226). It further found that where there exists an obligation to convey, courts of equity will proceed as if the conveyance had actually been made, and that in such a case the Court will give the same effect to an equitable title that it would to one that was legal (88 U. S. 226 and 227).

This Court in the *Littlefield* case pointed out (88 U. S. 227) that the action was not an attempt to obtain the specific performance of a contract but to restrain the patentee from infringing upon rights which in a court of equity he is deemed to have assigned, stating the matter succinctly as follows:

"In other words, this complainant is in equity an assignee and entitled to protection as such."

Attention is called to certain pertinent statements made by this Court in its *Littlefield* decision.

"An action which raises a question of infringement is an action arising 'under the law' and one who has the right to sue for infringement may sue in the Circuit Court. Such a suit may involve the construction of a contract as well as the patent, but that will not oust the court of its jurisdiction. If the patent is involved, it carries with it the whole case." (88 U. S. 222)

"Littlefield took the legal title in trust for them and should convey. Courts of equity in proper cases consider that as done which should be. If there exists an obligation to convey at once such courts will oft times proceed as if it has actually been made." (88 U. S. 226)

"We are therefore clearly of the opinion that the complainant is in equity the assignee of Littlefield and that he is entitled to recover of the defendant the profit they have made out of these infringements upon his rights." (88 U. S. 228)

A proper statement and understanding of the facts involved in the *Littlefield* case by the Court below and a realization of the points of law determined therein should have caused the Court of Appeals for the Sixth Circuit to conclude that the *Littlefield* case was binding on it in the instant case and that Petitioner, as equitable owner of the patent in suit through its contract with Goff the patentee, had the right to maintain in the Federal Court an infringement action on said patent against Goff and the latter's assignee, The Ohio Injector Company, a stranger to Petitioner, and both of whom were actively engaged in infringing said patent and violating Plaintiff's rights thereunder.

The construction and authority of the *Littlefield* case which Petitioner urges was adopted by the Circuit Court of Appeals for the Eighth Circuit in the case of *Wooster, et al. vs. Crane & Co.*, 147 Fed. 515, and by the Circuit

Court of Appeals for the Third Circuit in the case of *Bisel vs. Ladner*, 1 Fed. (2d) 436.

In *Vanadium-Alloys Steel Co. vs. McKenna*, 27 Fed. Sup. 535, the facts involved and the allegations of the pleadings were on all fours with the facts and pleadings in the instant case. There the District Court for the Western District of Pennsylvania speaking through Judge Gibson sustained the right of the plaintiff, who alleged equitable ownership of the patent in suit, to maintain an infringement action in the Federal Court against the defendant, the holder of the legal title to the patent. Judge Gibson in his opinion (27 Fed. Sup. 536, 537) discussed the *Littlefield* case at some length and made the following statement:

"Closely parallel in essential facts with the present case is *Littlefield v. Perry*, * * *."

In the instant case the Court of Appeals for the Sixth Circuit probably as a result of its misunderstanding and misstatement of the facts involved in the *Littlefield* case failed to follow the weight of authority and to give to said *Littlefield* case the construction to which it was properly entitled.

It is submitted that the Court of Appeals has decided the present action contrary to and in direct conflict with the controlling authority of this Court.

The Court below in its opinion (R. 51) erroneously referred to the case of *Luckett vs. Delpark*, 270 U. S. 496, as a suit for infringement of patents, and on this false basis proceeded upon a rationalization of that case as in some way controlling in the present situation and as modifying the effect of the *Littlefield* case.

The *Luckett* suit, as made out by the averments and prayers of the bill of complaint, was simply a suit in contract and was not a suit brought for the infringement of a patent. It was essentially one to recover royalties, although Luckett accompanied his main prayers with one for the re-

assignment of the patent and for an order cancelling the licenses, and further for an injunction preventing the making and sale of the particular garments that were involved or "any other garments infringing the claims of the two Letters Patent." The injunction was simply *incident* to the relief asked with respect to reassignment of the patent by one of the defendants and the cancellation of the license to another of the defendants.

This Court speaking through the late Justice Taft pointed out at the end of the opinion in the *Luckett* case the following:

"Moreover, the bill in this case, as we have already fully pointed out, is really not based on threatened infringement, but on the contracts, and its reference to infringements is inadequate even to present a bill in the form suggested by Mr. Justice Bradley."

The reference to Mr. Justice Bradley is in connection with a dissenting opinion announced by the latter in the case of *Hartell vs. Tilghman*, 99 U. S. 457, wherein he suggested a situation where the plaintiff in his bill chose to place himself on the infringement of his patent as his sole right but included averments anticipating a defense of license rights under the patent in suit.

It is submitted that the *Luckett* case does not modify or restrict the holding of this Court in the *Littlefield* case.

The Court of Appeals in affirming the District Court in its dismissal of the instant action is in conflict with the spirit and philosophy underlying the decision of this Court in *Independent Wireless Telegraph Co. v. Radio Corporation of America*, 269 U. S. 459.

The underlying philosophy in this Court's decision in the *Independent Wireless* case, as shown in the opinion of the late Chief Justice Taft, is that a Court of Equity will allow the equitable owner of a patent (in the particular instance there involved an exclusive licensee) to maintain an action in its own name for infringement of the patent

and if the holder of the legal title is without the jurisdiction or is antagonistic he may be joined as a co-plaintiff or co-defendant without his consent.

This Court pointed out in the *Independent Wireless* case that equity will not suffer a wrong without a remedy. The Court concluded that said maxim justified the short step needed to hold that in an equity suit under Section 4921 (Revised Statutes), where otherwise justice to the exclusive licensee (equitable owner) would fail, he may make the owner of the patent a party to the bill under Section 4921 in analogy to the remedy given him in an action on the case at law for damages under Section 4914 (Revised Statutes), for the two Sections are plainly in *pari materia*.

2. The decision of the Court of Appeals on the jurisdictional question presented in the instant case is in direct conflict with the weight of authority and the decisions of the Courts of Appeals of the Second, Third and Eighth Circuits in the following cases: *Wooster et al. vs. Crane & Co.*, C. C. A. (8) 147 Fed. 515; *Bisel vs. Ladner*, C. C. A. (3) 1 Fed. (2d) 436; *Ted Browne Music Co. vs. Fowler et al.*, C. C. A. (2d) 290 Fed. 751; *Cohan vs. Richmond et al.*, C. C. A. (2) 86 Fed. Rep. (2d) 681.

Insofar as the question of original and exclusive Federal jurisdiction is concerned decisions in cases arising under the patent laws and under the copyright laws of the United States are on the same footing.

The power of Congress to legislate with respect to patents and copyrights is set forth conjointly in the Constitution, Article I, Sec. 8, Paragraph 8.

United States Judicial Code, Sec. 41; (Act of March 3, 1911, ch. 231, Sec. 24, Par. 7, 36 Stat. L. 1092) is as follows:

“The districts courts shall have original jurisdiction as follows: * * *

Seventh. Of all suits at law or in equity arising under the patent, the copyright, and the trade-mark laws."

U. S. Judicial Code, Sec. 256 (U. S. Code Title 28; Sec. 371) is as follows:

"The jurisdiction vested in the courts of the United States in the cases and proceedings hereinafter mentioned, shall be exclusive of the courts of the several states: * * *

Fifth. Of all cases arising under the patent-right, or copyright laws of the United States."

The weight of authority that the equitable owner of a patent or a copyright may maintain an action in equity against the infringing holder of the legal title to a patent or copyright as an action "arising" under the patent or copyright laws of the United States is clearly indicated by the decisions in the four cases immediately to be discussed.

In *Wooster et al. v. Crane & Co.*, 147 Fed. 515, the Circuit Court of Appeals for the Eighth Circuit decided that the owner of the equitable title to a copyright may in equity, in his own name, sue for infringement of the copyright where the holder of the legal title is one of the infringers and occupies a position hostile to him.

In the *Wooster* case the defendant contended that the suit was one arising out of contract and not under the copyright laws, and further that the complainant not having the legal title to the copyrights involved could not maintain the suit in its own name.

The Court of Appeals for the Eighth Circuit disposed of these contentions forthrightly and made the following comments:

"A suit, the primary and controlling purpose of which is to enforce a right secured by the copyright laws which is being infringed by the defendants, is a suit under those laws, and within the jurisdiction of the Federal Circuit Courts, although it incidentally

draws in question the validity, interpretation, and effect of a contract through which the complainant derives title. * * * This is such a suit. The bill, like ordinary bills for infringement, sets forth the facts showing the validity of the copyrights, the title of the complainant, and the infringement by the defendants, and then prays for an injunction against a continuance of the infringement. The contract is set forth for the purpose of showing the complainant's title, and not as the basis or foundation of the suit. * * * Here, however, the complainant is not a mere licensee, but has the full equitable title, and Wooster, who has the legal title, is one of the infringers and occupies a position altogether hostile to the complainant. Its right in this situation to sue in equity in its own name is plain in principle and well established by authority." (147 Fed. 516.)

The Court in making the foregoing enunciation cited the *Littlefield vs. Perry* case, *supra*, as authority for its holding.

In the case of *Bisel vs. Ladner*, 1 Fed. (2d) 436, decided by the Circuit Court of Appeals for the Third Circuit, the equitable owner of a copyright brought suit for infringement thereof in his own name against the holder of the legal title. Apparently all the parties were residents of Pennsylvania. Complainant, who was represented by the now Justice Roberts of this Court, had to first prove his allegations as to his equitable ownership of the copyright to prevail in his charge of infringement by the defendant, the holder of the legal title to the copyright.

The Circuit Court of Appeals for the Third Circuit sustained complainant's right to maintain the action as the equitable owner of the copyright, quoted with approval the remarks of the Court of Appeals of the Eighth Circuit in *Wooster vs. Crane & Co.*, *supra*, and relied on the authority of the cases cited in the latter case including the case of *Littlefield vs. Perry*.

The Circuit Court of Appeals for the Second Circuit is in agreement with the Courts of Appeals in the Eighth and Third Circuits that the owner of the equitable title of a copyright (or patent) may maintain in equity in the Federal courts an infringement action against the owner of the legal title.

In *Ted Browne Music Co. v. Fowler, et al.*, 290 Fed. 751, the Second Circuit Court of Appeals upheld the right of the owner of the equitable title to a copyright to maintain an infringement action against the holder of the legal title, citing with approval and quoting from the case of *Wooster, et al. v. Crane & Co., supra*.

In *Cohan vs. Richmond, et al.*, 82 Fed. (2d) 680, there appears to be no diversity of citizenship between the parties to an action by a complainant alleging equitable ownership of a copyright and infringement thereof by the defendant. The Court of Appeals for the Second Circuit speaking through Circuit Judge L. Hand upheld complainant's right to maintain the suit and stated the following:

"The first question is whether the bill laid a suit in equity under Sections 34 and 36 of the Copyright Act. (17 U. S. C. A. § 34-36.) Did the suit arise under the copyright laws? The second count certainly did not for the plaintiff failed to allege that his songs had ever been copyrighted; but the first count alleged that Mills had taken out the copyrights in Cohan's behalf and that was enough, even without the claim that the title had reverted. The bill might be read as a suit for infringement, making Mills a party because because he held the legal title as trustee, or because he had forfeited it to Cohan. *Wooster v. Crane & Co.*, 147 Fed. 516."

The District Court for the Western District of Pennsylvania in *Vanadium-Alloys Steel Co. v. McKenna*, 27 Fed. Sup. 535, a case on all fours with the instant case, followed the weight of authority, as exemplified by the above re-

ferred to decisions of the Courts of Appeals for the Second, Third and Eighth Circuits, and found the Court had jurisdiction of the case, relying on this Court's decision in the *Littlefield* case and citing with approval the *Bisel* and *Wooster* cases, *supra*, and recognizing the equal footing between copyright and patent cases, insofar as exclusive and original Federal jurisdiction is concerned. (27 Fed. Sup. 526.)

The reports do not show that the correctness of the decision of the District Court in the *Vanadium-Alloys Steel Co.* case was questioned and carried up on appeal.

The Court of Appeals for the Sixth Circuit in the instant case, however, *did not follow the weight of authority, but made a decision in direct conflict therewith and with the decisions of the Circuit Courts of Appeals for the Second, Third and Eighth Circuits.*

This conflict should be resolved by this Court.

The Court of Appeals in deciding this case followed an isolated decision of the Court of Appeals for the Seventh Circuit in *Lyon Manufacturing Corporation v. Chicago Flexible Shaft Co.*, 106 Fed. (2d) 930, and which decision is contrary to the weight of authority and apparently to a prior decision by the same Court which rendered it. In the *Lyon* case the Court of Appeals for the Seventh Circuit referred to one of its own decisions in *Magnetic Manufacturing Co. v. Dings Magnetic Separator Co.*, 16 Fed. (2d) 739, and stated that the facts concerning jurisdiction in the case just cited were the same as in the *Lyon* case, but that the question of jurisdiction had not been considered in the cited *Magnetic* case.

In this connection it should be noted that in the *Magnetic* case both plaintiff and defendant were represented by patent counsel and the decision in the case was written by an eminent jurist, namely, Judge Evans.

It is passing strange that all the parties concerned in the *Magnetic* case should have taken for granted the juris-

diction of the Court, if as a legal proposition the jurisdiction of the Federal Court had been improperly invoked.

It, therefore, seems that the best that can be made out of the situation with respect to the Seventh Circuit is that the Court of Appeals thereof has rendered two different decisions, one of which supports Federal jurisdiction, and the other of which denies Federal jurisdiction where apparently the same type of relief was sought in both cases.

3. The questions presented by the decision of the Court of Appeals in this cause are of great importance to industry which employs persons in experimental and research work under the obligation to assign their inventions to their employers.

It is well recognized that the technological advance made by industry in the United States is due in great measure to the research and development work carried on by manufacturers. It is common practice in industry to employ persons to carry on this research and development work, with the understanding and obligation that any inventions made by such persons in the course of their work shall belong to their employers and any patents obtained thereon shall be assigned to said employers.

The decision of the Court of Appeals herein, if allowed to stand, would open the door to the perpetration, by such employees and others acting in concert with them, of great fraud upon their employers. It would enable such an employee to make an invention in the course of his employment, withhold the same from his employer's knowledge and surreptitiously obtain a patent thereon, assign such patent to a third party and then in collusion with such party actively infringe the patent in direct competition with the employer.

The employer under the decision of the Court below could not maintain in the Federal Court and against the

patentee and his assignee an action for such infringement of the patent. The derelict patentee and his assignee could preclude the employer's right to maintain an infringement action in the Federal Court by merely denying the employer's equitable ownership of the patent, admitting the patent's validity and its infringement.

In other words, the trustee *ex maleficio* of the title to the patent and his assignee could defeat the rights of the equitable owner of the patent, that is the rights of the *cestui que* trust, to maintain in the Federal Court an action arising under the patent laws and force the latter to pursue the circuitous and expensive process of obtaining first an adjudication by a separate action with respect to the title of the patent involved.

CONCLUSION.

It is urged, therefore, that the Petition for Writ of Certiorari be granted.

Respectfully,

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Dated:

August 31, 1942.

